

Message Text

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ACTION EB-11

INFO OCT-01 AF-10 EUR-25 EA-11 NEA-11 ISO-00 SPC-03 AID-20

NSC-10 RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01

CEA-02 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07

OPIC-12 LAB-06 SIL-01 DODE-00 PA-04 USIA-15 PRS-01

INT-08 FEA-02 DRC-01 IO-14 AEC-11 /230 W

----- 109679

R 281015Z JAN 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 9568

INFO AMEMBASSY BEIRUT

AMEMBASSY BONN

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USINT ALGIERS

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STATE ALSO FOR T/IEP

E.O. 11652: NA

TAGS: ENRG, PFOR, JA, XF

SUBJ: ENERGY: VISIT OF YAMANI TO JAPAN

REF: TOKYO 1045

BEGIN UNCLASSIFIED:

SUMMARY: YAMANI AND ABDESSELAM ATTRACTED MAJOR PRESS ATTENTION
ON FIRST DAY OF VISIT TO JAPAN. YAMANI SAID SAUDI ARABIA

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WOULD TAKE INITIATIVE IN PERSUADING OPEC TO LOWER POST-

APRIL 1 OIL PRICES. ABDESSELAM WAS LESS POSITIVE. TWO ALSO SAID OAPEC WAS WATCHING ENERGY CONFERENCE WITH SENSE OF UNEASINESS, BUT OAPEC WAS READY TO CONSULT WITH CONSUMERS ON PRICE FORMULA. END SUMMARY.

1. SAUDI ARABIAN PETROLEUM MINISTERS YAMANI, TOGETHER WITH ALGERIAN MINISTER ABDESSELAM, HELD TALKS SUNDAY, JAN 27, WITH DEPUTY PM MIKI, AND JOINT TALKS WITH FOREIGN MINISTER OHIRA, FINANCE MINISTER FUKUDA AND MITI MINISTER NAKASONE. PRESS CONFERENCE ALSO HELD AFTER TALKS WITH GOJ MINISTERS. JAPANESE PAPERS ON JAN 28 DEVOTED MAJOR COVERAGE TO ALL ASPECTS OF THESE CONVERSATIONS AND RELATED STORIES. FOLLOWING ARE HIGHLIGHTS BASED ON PRESS REPORTS:

2. OIL PRICES. YAMANI REPORTEDLY TOLD DEPUTY PM MIKI THAT KING FAISAL THINKS THAT PRESENT PRICE LEVEL SHOULD BE LOWERED, AND SAID KING WAS SCHEDULED TO ISSUE QTE HIGH LEVEL NOTIFICATION UNQTE TO OTHER OIL-PRODUCING COUNTRIES WITHIN NEXT ONE OR TWO DAYS. YAMANI ADDED TO PRESS THAT AS MEMBER OF INTERNATIONAL SOCIETY, SAUDI ARABIA BELIEVED THE SERIOUS EFFECTS PRESENT OIL SITUATION ON ECONOMIES OF ADVANCED NATIONS AS WELL AS DEVELOPING NATIONS HAD TO BE TAKEN INTO CONSIDERATION. YAMANI NOTED THAT IT WAS IRAN THAT WAS STRONGLY INSISTING ON OIL PRICE RISES, NOT ARAB COUNTRIES. KING FAISAL, HE SAID, IS DEEPLY WORRIED ABOUT THIS PROBLEM AND IS NOW CONSIDERING LOWERING THE PRESENT PRICE. OPEC WILL RESTUDY HOW PRICES AFTER APRIL 1ST SHOULD BE HANDLED. ASKED WHAT PRICE HE WAS SPEAKING OF, HE SAID THREE PRICES (POSTED, TAX AND ROYALTY, AND BUY-BACK) WERE INTERRELATED AND NO ONE COULD SINGLE OUT ONE OR THE OTHER FOR PRICE REDUCTIONS.

3. YAMANI MADE CLEAR THAT CUTS IN THE PRICE OF OIL WOULD BE IN EXCHANGE FOR COOPERATION BY DEVELOPED COUNTRIES IN INDUSTRIALIZATION EFFORTS OF THE PRODUCERS. AT MEETING WITH THREE JAPANESE MINISTERS, HOWEVER, ABDESSELAM REPORTEDLY TOOK EXCEPTION TO YAMANI'S POSITIVE STATEMENTS ON PRICE, SAYING THAT BECAUSE ALGERIAN FOREIGN CURRENCY RESERVES WERE LOW, IT HAD NO INTENTION OF LOWERING CRUDE OIL PRICE.

4. ENERGY CONFERENCE. YAMANI AND ABDESSELAM TOLD PRESS THAT LIMITED OFFICIAL USE

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OAPEC WAS CAREFULLY WATCHING PROPOSAL FOR CONFERENCE OF FOREIGN MINISTERS OF CONSUMING COUNTRIES, AND QTE ENTERTAINING CERTAIN UNEASINESS ABOUT IT UNQTE. THEY ADDED, HOWEVER, THAT OIL PRODUCING AND CONSUMING COUNTRIES WOULD DISCUSS OIL PROBLEM (TOGETHER), WITHOUT THE NEED TO SPECIFY PARTICULAR FRAMEWORK OR FORM. YAMANI ALSO REPORTEDLY TOLD DEPUTY PM MIKI THAT OAPEC WAS READY TO DISCUSS FIXING REASONABLE PRICES THROUGH CONSULTATIONS AND STUDIES WITH MAJOR ECONOMIC POWERS. YAMANI CAUTIONED,

HOWEVER, THAT ENERGY CONFERENCE SHOULD NOT ACT
ON BEHALF OF MAJOR WESTERN OIL COMPANIES.

5. DIRECT DEAL CRUDE OIL. YAMANN TOLD PRESS THAT SAUDI ARABIA
WOULD OFFER SUPPLIES OF DD CRUDE OIL TO COUNTRIES WHICH
CONTRIBUTE TECHNOLOGY AND ASSISTANCE IN INDUSTRIALIZATION.
JAPAN CAN BE SAID TO BE THE NUMBER ONE SUCH COUNTRY IN THE
WORLD.

6. PARTICIPATION. REPORTS THAT SAUDI ARABIA IS NOW NEGOTIATING
WITH ARAMCO FOR 75 PERCENT CAPITAL PARTICIPATION ARE NOT CORRECT,
ACCORDING TOO YAMANI'S STATEMENT TO PRESS. SAUDI ARABIA
IS JUST TRYING TO FIND A FORMULA WHICH WILL BENEFIT BOTH
ARAMCO AND SAUDI ARABIA.

7. OIL PRODUCTION. YAMANI AND ABDESSELAM TOLD MIKI THAT
THEY WERE READY TO INCREASE PRODUCTION OF OIL ON CONDITION
THAT MIDDLE EAST DISPUTE IS SETTLED THROUGH THE IMPLEMENTATION
OF U.N. RESOLUTION 242.

8. OIL DOLLARS. YAMANI REPORTEDLY TOLD FUKUDA THAT DECISIONS
ON DISPOSITION OF FOREIGN CURRENCY FUNDS WHICH ARAB COUNTRIES
HOLD SHOULD BE MADE SOLELY BY ARAB COUNTRIES, AND THAT THEY WOULD
NOT ACCEPT ANY SUGGESTIONS FROM OTHER COUNTRIES.

9. FOLLOWING PREPARATION OF ABOVE, CHIEF CABINET SECRETARY
NIKAIDO HELD PRESS CONFERENCE IN THE AFTERNOON JAN 28.
REFERRING TO THE ENERGY CONFERENCE, NIKAI DO SAID GOJ HAD BEEN
INFORMED BY JAPANESE EMBASSY WASHINGTON THAT THE U.S. WOULD NOT
DISPATCH A SPECIAL ENVOY TO JAPAN IN ADVANCE. HE ADDED THAT WHILE
FOREIGN MINISTER OHIRA WOULD PROBABLY GO TO THE CONFERENCE,
IT HAD NOT YET BEEN DECIDED. A DECISION WOULD BE MADE WITHIN
THIS WEEK BUT THIS WOULD REQUIRE DIET APPROVAL. REFERRING TO
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JAPAN'S PARTICIPATION IN THE CONFERENCE, NIKAI DO REPORTEDLY
SAID QTE SINCE OUR COUNTRY HAS EXPRESSED ITS INTENTION TO
PARTICIPATE, WE CANNOT BUT PARTICIPATE UNQTE. PRESS INTERPRETED
LATTER STATEMENT AS LESS POSITIVE THAN PREVIOUS GOJ POSITIONS
ON THE ENERGY *ONFERENCE. END UNCLASSIFIED

10. BEGIN LIMITED OFFICIAL USE: COMMENT: WE WOULD INTERPRET
STATEMENT BY NIKAI DO ON FEB 11 CONFERENCE AS DESIRE TO PLEASE
OAPC REPRESENTATIVES AT TIME WHEN LARGE-SCALE PRESS COVERAGE
IS DIRECTED TOWARD THEIR VISIT.

11. EMBASSY WILL OBTAIN FIRST-HAND REPORT FROM GOJ AFTER
CONCLUSION OF YAMANI'S VISIT. SHOESMITH

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Message Attributes

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